



Date: February 3, 2015  
To: Thomas J. Bonfield, City Manager  
Through: W. Bowman Ferguson, Deputy City Manager  
From: Joel V. Reitzer, General Services Department  
Subject: Proposed Sale of 0 Mission Place by Upset Bid, Parcel ID 110153 (City Tract 2286)

### **Executive Summary**

The City has received an offer to purchase City owned property located at 0 Mission Place from Timothy Werrell. The .095 acre property is a vacant, wooded parcel with limited access via a “paper street” referred to as Mission Place. The purchase price offer is \$5,000.00.

Mr. Werrell has recently acquired a commercial property at 812 N. Mangum Street, which is the property immediately in front of, and adjoins the subject property. The subject property is proposed to be used for additional parking area.

The City proposes to sell the property as surplus pursuant to the Upset Bid Procedure of G. S. 160A-269.

### **Recommendation**

The General Services Department recommends that City Council:

1. Declare the Subject Property at 0 Mission Place as surplus;
2. Propose to accept the offer of \$5,000.00 from Timothy Werrell to purchase the property at 0 Mission Place and advertise for upset bids pursuant to the Upset Bid Procedure (G. S. 160A-269);
3. Authorize the City Manager to accept the bid from the highest responsible bidder at the conclusion of the upset bid process, pursuant to Section 86.3 of the City Charter, and;
4. Authorize the City Manager or the Mayor to convey Parcel ID 110153 with a non-warranty deed.

## **Background**

The City acquired the subject property in 1996 from Durham Neighborhood Housing Services. The parcel has remained undeveloped and is densely overgrown. The Real Estate Division issued an inquiry to City departments asking the departments to specify whether there was a reason to retain the subject property. The City departments responded with no objection to selling the property. Other citizens, primarily those that own adjacent property, have expressed an interest in purchase of the parcel.

## **Issues/Analysis**

1. The subject property is being sold “as is” with no representations or warranties being made by the City.
2. This Council action authorizes the upset bid process to begin upon advertisement of the offer.

## **Synopsis of Upset Bid Procedure**

The City may solicit and receive bids to purchase property. A five percent deposit must be submitted with the bid. When a bid is made and City Council proposes to accept it, the bid is advertised for upset bidding in a local newspaper. This begins the upset bid procedure. The notice contains a general description of the property, the amount and terms of the bid, a notice that within 10 days any person may raise the bid by not less than ten percent of the first \$1,000.00 of that offer and five percent of the remainder, the date and time by which upset bids should be received, and the location to submit bids.

This procedure is repeated until no further qualifying upset bids are received, at which time the City Manager may accept the bid and sell the property to the highest qualifying bidder, or may choose not to accept the bid.

The bid will not be awarded to persons owing delinquent City-County taxes or assessments. Closing will be held within 90 days of the City’s acceptance of the bid.

## **Alternatives**

1. City Council could reject the offer to begin the upset bid procedure and direct the Real Estate Division to first solicit bids through an advertisement, or direct the Real Estate Division to use one of the other public sales procedures such as G.S. 160A-268 – Sealed Bids – where the property is advertised at least once 30 days before bids are opened; or
2. City Council could direct the Real Estate Division to offer the property for sale by private sale to a nonprofit entity; or

3. City Council could elect not to delegate authority to the City Manager under Section 86.3 of the City Charter, but direct the Real Estate Division to return with a report at the conclusion of upset bidding for City Council to accept or reject all bids.

**Financial Impact**

The sale will generate revenue to the City in the minimum amount of \$5,000.00. Sale of the parcel will also generate tax revenue.

**SDBE Summary**

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachment: Location Map of Parcel ID 110153 Subject Property, Offer to Purchase